

HOUSE BILL 549

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2001 Regular Session
1r1467
CF 1r1778

By: **Delegates McHale, Barve, Goldwater, Hill, Love, and Moe**
Introduced and read first time: February 5, 2001
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Claims for Reimbursement of Health Care Services Rendered - Interest on**
3 **Unpaid Claims**

4 FOR the purpose of requiring an insurer, nonprofit health service plan, or health
5 maintenance organization that fails to pay all or part of a claim for
6 reimbursement from certain persons or certain hospitals or related institutions
7 that is determined to be due, to pay certain interest on the amount of the claim
8 that remains unpaid after a certain date; and generally relating to payment of
9 claims and interest on claims for reimbursement of health care services
10 rendered.

11 BY repealing and reenacting, with amendments,
12 Article - Insurance
13 Section 15-1005
14 Annotated Code of Maryland
15 (1997 Volume and 2000 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article - Insurance**

19 15-1005.

20 (a) In this section, "clean claim" means a claim for reimbursement, as defined
21 in regulations adopted by the Commissioner under § 15-1003 of this subtitle.

22 (b) To the extent consistent with the Employee Retirement Income Security
23 Act of 1974 (ERISA), 29 U.S.C. 1001, et seq., this section applies to an insurer,
24 nonprofit health service plan, or health maintenance organization that acts as a third
25 party administrator.

26 (c) Within 30 days after receipt of a claim for reimbursement from a person
27 entitled to reimbursement under § 15-701(a) of this title or from a hospital or related

1 institution, as those terms are defined in § 19-301 of the Health - General Article, an
2 insurer, nonprofit health service plan, or health maintenance organization shall:

3 (1) pay the claim in accordance with this section; or

4 (2) send a notice of receipt and status of the claim that states:

5 (i) that the insurer, nonprofit health service plan, or health
6 maintenance organization refuses to reimburse all or part of the claim and the reason
7 for the refusal;

8 (ii) that, in accordance with § 15-1003(d)(1)(ii) of this subtitle, the
9 legitimacy of the claim or the appropriate amount of reimbursement is in dispute and
10 additional information is necessary to determine if all or part of the claim will be
11 reimbursed and what specific additional information is necessary; or

12 (iii) that the claim is not clean and the specific additional
13 information necessary for the claim to be considered a clean claim.

14 (d) An insurer, nonprofit health service plan, or health maintenance
15 organization shall permit a provider a minimum of 6 months from the date a covered
16 service is rendered to submit a claim for reimbursement for the service.

17 (e) (1) If an insurer, nonprofit health service plan, or health maintenance
18 organization provides notice under subsection (c)(2)(i) of this section, the insurer,
19 nonprofit health service plan, or health maintenance organization shall pay any
20 undisputed portion of the claim within 30 days of receipt of the claim, in accordance
21 with this section.

22 (2) If an insurer, nonprofit health service plan, or health maintenance
23 organization provides notice under subsection (c)(2)(ii) of this section, the insurer,
24 nonprofit health service plan, or health maintenance organization shall:

25 (i) pay any undisputed portion of the claim in accordance with this
26 section; and

27 (ii) comply with subsection (c)(1) or (2)(i) of this section within 30
28 days after receipt of the requested additional information.

29 (3) If an insurer, nonprofit health service plan, or health maintenance
30 organization provides notice under subsection (c)(2)(iii) of this section, the insurer,
31 nonprofit health service plan, or health maintenance organization shall comply with
32 subsection (c)(1) or (2)(i) of this section within 30 days after receipt of the requested
33 additional information.

34 (f) (1) If an insurer, nonprofit health service plan, or health maintenance
35 organization fails to comply with subsection (c) of this section, OR IF AN INSURER,
36 NONPROFIT HEALTH SERVICE PLAN, OR HEALTH MAINTENANCE ORGANIZATION
37 FAILS TO PAY ALL OR PART OF A CLAIM UNDER SUBSECTION (C) OF THIS SECTION
38 AND THAT UNPAID AMOUNT IS DETERMINED TO BE DUE UNDER THE CLAIM, the

1 insurer, nonprofit health service plan, or health maintenance organization shall pay
2 interest on the amount of the claim that remains unpaid 30 days after the claim is
3 received at the monthly rate of:

- 4 (i) 1.5% from the 31st day through the 60th day;
5 (ii) 2% from the 61st day through the 120th day; and
6 (iii) 2.5% after the 120th day.

7 (2) The interest paid under this subsection shall be included in any late
8 reimbursement without the necessity for the person that filed the original claim to
9 make an additional claim for that interest.

10 (g) An insurer, nonprofit health service plan, or health maintenance
11 organization that violates a provision of this section is subject to:

12 (1) a fine not exceeding \$500 for each violation that is arbitrary and
13 capricious, based on all available information; and

14 (2) the penalties prescribed under § 4-113(d) of this article for violations
15 committed with a frequency that indicates a general business practice.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 October 1, 2001.